Company promoted by IDFC Private Equity, GSPCL and Government of Andhra Pradesh, submitted an application for grant of authorization for a 188 km common carrier pipeline from Yanam to Vishakhapatnam. PNGRB asked KGGNL to submit an Expression of Interest (EoI) in accordance with the relevant Regulations, if they were interested in seeking grant of authorization from the PNGRB. However, no such EoI has been submitted to PNGRB.

Andhra Pradesh proposals with Ministry of P. & N. G.

3294. SHRI NANDI YELLAIAH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the total number of proposals of the Andhra Pradesh Government pending with the Ministry;

(b) the details of each such project;

(c) the reasons for delay in giving clearance to each of these projects; and

(d) by when these are likely to be given clearance?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) Government of Andhra Pradesh has requested for allocation of 8 million metric standard cubic meters per day (mmscmd) of gas for 2100 MW Combined Cycle Power Project at Nedunur village of Karimnagar District of Andhra Pradesh.

(c) and (d) Empowered Group of Ministers (EGoM) has decided that allocation of gas from KG-D6 fields will be done to the proposed power project, subject to availability, at the time of commencement of production.

Tax holidays on oil and gas

3295. SHRI DHARAM PAL SABHARWAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the New Exploration Licensing Policy (NELP)-I to VII has provided tax holidays both on oil and gas without any exceptions;

(b) whether bidders had also submitted bids on explicit commitment on availability of seven years tax holidays on commercial production of both oil and gas under NELP-I to VII;

(c) if so, the reasons for withdrawing tax holidays now; and

(d) whether Government would clarify its stand on tax holidays on NELP-I and NELP-VII to avoid adverse impact on future exploration programme; if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) to (d) As per provisions of Production Sharing Contracts (PSCs) signed under various rounds of New Exploration Licensing Policy (NELP) *i.e.* NELP-I to NELP-VII, Company (ies) are eligible for benefits available under the provisions of Income-tax Act,

1961 as applicable from time to time. Accordingly, the bidders had submitted bids and the awardee(s) had signed PSCs. A clarification issued by Ministry of Petroleum and Natural Gas on 27.6.2008 before receipt of bids on 30.6.2008 under seventh round of New Exploration Licensing Policy (NELP-VII) is given in the Statement.

Statement

Clarification issued on 27.06.2008 regarding 7 year Income Tax Holiday on Commercial Production of Natural Gas

Under the New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) Policy, the Ministry of Petroleum and Natural Gas, Government of India, has been assuring potential bidders of income tax rebate for a period of seven years from the beginning of commercial production. However, some Income Tax Authorities have disallowed the above relief in respect of production of natural gas due to lack of specific inclusion of the term Natural Gas under the related provision in the Income Tax Act. The matter is presently sub-judice before different authorities, including Tribunals and Courts.

The Notice Inviting Offer (NIO) and Petroleum Tax Guide for the NELP-VII bidding round, for which bids are due to be received on 30th June, 2008 holds out the same assurance as in the previous bidding rounds. The Ministry of Finance has clarified that income tax relief of seven years will be available only on commercial production of Crude Oil. In the light of the above clarification, Income Tax related provisions in the NIO and Petroleum Tax Guide issued by this Ministry for the NELP-VII bidding round may be read accordingly.

The Ministry of Petroleum and Natural Gas clarifies that all the potential bidders may submit their bids under NELP-VII, keeping the above clarification in mind.

Dry fuel production

3296. SHRI MOHD. ALI KHAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the country produces around 500 million tonnes of dry fuel annually;

(b) if so, the details thereof;

(c) the contribution of Andhra Pradesh in this regard;

(d) whether it is also a fact that if we do not reach a production level of one billion tonnes, our power plants would not materialize; and

(e) if so, the comments of Government thereon for production in Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) No, Sir. As far as Dry Hydrocarbon is concerned 32.8 Billion Cubic Meter (BCM) of natural gas was produced during 2008-09 in the country.